

Message Text

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ACTION ARA-20

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R 281419Z MAY 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 7194

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

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AMEMBASSY SAN SALVADOR

C O N F I D E N T I A L TEGUCIGALPA 2231

E.O. 11652: GDS

TAGS: ELAB, HO

SUBJECT: CONVERSATIONS WITH STANDARD FRUIT COMPANY AND ITS
UNION CONCERNING CONTRACT NEGOTIATIONS

REF: TEGUCIGALPA (A) 2068, (B) 2087, (C) 2151

SUMMARY: EMBOFFS HAVE DISCUSSED CURRENT CONTRACT NEGOTIATIONS
BETWEEN STANDARD FRUIT CO. AND ITS UNION, SUTRAFSCO, WITH
REPRESENTATIVES OF THE COMPANY (REFTEL B.) AND THE UNION. UNION
OFFICIALS CLAIM THAT THEY ARE HOPEFUL THAT AGREEMENT CAN BE REACHED
SHORT OF A STRIKE. HOWEVER, IF CURRENT CONCILLATION EFFORTS ARE
UNSUCCESSFUL, A STRIKE WILL BE CALLED. THE PROBABILITY EXISTS OF
PRIVATE NEGOTIATIONS BETWEEN THE UNION AND THE COMPANY THROUGH
THE AUSPICES OF LABMIN FONSECA WHILE THE CONCILLIATION PROCESS
FOLLOWS NORMAL COURSE. END SUMMARY.

1. IN A CONVERSATION WITH LABOFF, SUTRAFSCO PRESIDENT NAPOLEON
ACEVEDO DETAILED THE CURRENT UNION NEGOTIATING POSITION. THERE ARE
28 UNRESOLVED POINTS, SOME OF WHICH ACEVEDO ADMITS ARE REALLY THROW
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AWAY NEGOTIATION ITEMS. THE MOST SERIOUS ITEMS STILL REMAINING

CONCERN SALARY AND OTHER ECONOMIC POINTS. MINLAB FONSECA THINKS THESE MAY BE CONSOLIDATED INTO 4 OR 5 ARTICLES.

2. ACEVEDO BLAMES COMPANY ATTITUDE FOR NOTABLE LACK OF PROGRESS UP TO THIS POINT. THE UNION VIEWS THE CAUSE OF POOR PROGRESS TO BE THE REFUSAL OF THE COMPANY MANAGER TO PARTICIPATE PERSONALLY IN THE NEGOTIATIONS PROCESS, PREFERRING TO WORK THROUGH THE COMPANY LABOR RELATIONS OFFICER WHO DOES NOT HAVE THE AUTHORITY TO COMMIT THE COMPANY. COMPANY MANAGER ROTOLO RESPONDS THAT ITS NEGOTIATORS OBVIOUSLY HAVE PRESENTED COMPANY VIEWS AND HAVE FULL CONFIDENCE OF MANAGEMENT.

3. ACEVEDO FURTHER DOUBTS THAT THE CONCILIATION PROCESS IS EQUAL TO THE TASK OF RESOLVING SUCH A LARGE NUMBER OF POINTS AND GIVES CONCILIATION ONLY ABOUT ONE MONTH'S TIME TO WORK. IF IT FAILS, THE UNION WILL STRIKE. SINCE THE STRIKE WILL BE A LEGAL STRIKE UNDER THE CODE, HE SAYS THE COMPANY WILL BE OBLIGATED TO PAY SALARIES FOR THE DURATION. AGREEING THAT THIS IS THE LABOR CODE POSITION, ROTOLO NOTES THAT COMPANY WOULD BE DRIVEN OUT OF BUSINESS IF OBLIGATED TO PAY WAGES WITHOUT CORRESPONDING PRODUCTION AND INCOME.

4. ACEVEDO AND OTHER UNION SPOKESMEN EXPRESSED A WILLINGNESS TO PARTICIPATE IN PRIVATE NEGOTIATIONS WITH THE COMPANY AND MINLAB FONSECA WHILE THE CONCILIATION PROCESS CONTINUES SEPARATELY. ACEVEDO SAYS THAT IN A STRIKE SITUATION THE BANANA FIELDS WILL COMPLETELY DISINTEGRATE WITHIN ONE MONTH, MAKING A RESUMPTION OF FULL TIME WORK AT THE END OF A STRIKE VERY DIFFICULT. ACEVEDO COMMENTED THAT THEY HAVE RECEIVED FULL MORAL SUPPORT FROM THE LABOR MOVEMENT AND EXPECTED SOME FUNANCIAL SUPPORT IN THE CASE OF A STRIKE. HOWEVER, HE ADDED THAT A LARGE STRIKE WARCHEST WAS NOT NECESSARY SINCE THE COMPANY WOULD HAVE TO PAY FULL SALARIES.

5. ROTOLO EXPRESSED HIS PREOCCUPATION TO AMB AND DCM MAY 23 THAT ACEVEDO IN TENUOUS POSITION AS LEADER OF UNION. UNION LEADERSHIP BEING EXERTED BY NON-BANANA WORKER UNIONISTS WITH COMMUNIST BACKGROUND FROM TEGUCIGALPA AND OTHER REGIONS. (THIS CONFIRMED BY PREVIOUS

DISCUSSIONS WITH MINLAB FONSECA). MANY ISSUES UNDER NEGOTIATION IN PAST EIGHT MONTHS RELATED TO UNION NEGOTIATOR'S DESIRE TO TAKE CONTROL OF COMPANY MANAGEMENT RATHER THAN ISSUES OF INTEREST TO CONFIDENTIAL

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WORKERS, ACCORDING TO ROTOLO. NO SIGNIFICANT BREAD AND BUTTER OR ECONOMIC ITEMS HAVE BEEN RAISED IN DISCUSSIONS, AND THESE ARE WHAT CONCERN WORKERS. ROTOLO BELIEVES EMPLOYEES, WHO AVERAGE ABOUT 10 YEARS OF WORK FOR THE COMPANY, HAVE CLEAR VIEW OF THEIR SELF-INTEREST AND, IF ADVISED OF THE COMPANY ECONOMIC OFFER PACKAGE (PREPARED BUT NOT YET PRESENTED) WOULD NOT SUPPORT A UNION CALL FOR A STRIKE. ROTOLO BELIEVES EMPLOYEES CAN UNDERSTAND THAT PROLONGED STRIKE WOULD FORCE STANDARD AS A PRODUCER OUT OF HONDURAS, WITH

PROBABLE NEGATIVE EFFECTS ON WORKERS. ROTOLO BELIEVES STANDARD WILL NOT ACCEPT PROSPECT OF CONTINUED LOSSES IN HONDURAS, UNDER SURCHARGE AND UNION PROBLEMS. COMPANY COULD POSSIBLY OPERATE BETTER SIMPLY AS BANANA BUYER AS IT DOES IN ECUADOR.

6. COMMENT: IN CONVERSATIONS WITH EMBOFFS LABMIN FONECA CONFIRMED THE UNION'S VIEW THAT IN CASE OF A STRIKE THE COMPANY WOULD BE OBLIGATED BY LAW TO PAY SALARIES. HE ALSO EXPRESSED HIS WILLINGNESS TO ACT AS AN INTERMEDIARY FOR DIRECT TALKS BETWEEN THE COMPANY AND THE UNION AND ADDED THAT THE UNION AND STANDARD HAD ALREADY EXPRESSED WILLINGNESS TO PARTICIPATE IN SUCH TALKS. BECAUSE OF STANDARD'S LOSS POSITION SO FAR THIS YEAR, ITS EXPERIENCE WITH THE SURCHARGE HERE AND ELSEWHERE (ESPECIALLY ITS WILLINGNESS TO SELL OUT IN COSTA RICA AND BUY FROM PRODUCERS IN ECUADOR), AND THE UNACCUSTOMED POLITICAL PRESSURES SUFFERED THE PAST 2-3 MONTHS, THE COMPANY IS A DIFFICULT TARGET FOR AN AMBITIOUS UNION ATTACK. IF THE UNION OBJECTIVE WERE TO DRIVE STANDARD OUT, THE WORKERS AND THE GOH WOULD OPPOSE. THUS STANDARD SEEMS HEADED TOWARD THE PRESENTATION TO THE GOH AND WORKERS OF AN ECONOMIC PACKAGE, MINIMIZING THE IMPORTANCE OF UNION POLITICAL OBJECTIVES. THE OFFER, THE COMPANY BELIEVES, WILL BE ACCEPTABLE TO LABOR BECAUSE IT WILL PLACE LABOR'S RETURNS ABOVE UNITED FRUIT EMPLOYEES- HISTORICALLY THE DEFINITION OF A GOOD CONTRACT. THE GOH, WHICH IS AWARE OF THE PANORAMA OF EVENTS, WILL LIKELY FIND THE OFFER FAIR. IN THIS FRAME OF REFERENCE, STANDARD IS NOT WORRIED ABOUT A VOTE TO STRIKE, SHOULD CONCILIATION FAIL. IT IS LIKELY TO BE QUITE FIRM DURING CONCILIATION AND TRILATERAL DISCUSSIONS. SANCHEZ

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